

The State of Delaware

Inflation Reduction Act update

September 19, 2022

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Inflation Reduction Act (President Biden signed on August 16)

Provision	Description	Timing	GHIP Impact
Prescription drug price negotiation	HHS will begin negotiating pricing for select high-cost drugs, for which there is no generic equivalent, and which have been approved by the FDA for at least 7 years (11 years for biologics)	Beginning in 2026 with 10 drugs	Applies only to individual market Part D plans and Medicare.
Inflation rebates	Manufacturers will be required to pay rebates to Medicare if the cost of certain Part B and Part D drugs increases faster than the rate of inflation	Effective 1/1/2023	<ul style="list-style-type: none"> Risk that drug manufacturers and pharmacy benefit managers (“PBMs”) could shift cost to private health plans
Insulin safe harbor	A permanent statutory safe harbor will allow HDHPs to cover insulin before the HDHP deductible is satisfied	Effective 12/31/2022	No immediate impact; State will need to comply if qualified HDHP/HSA offered in future
Insulin caps for Medicare	Medicare beneficiaries’ cost-sharing for insulin coverage will be limited to the lesser of \$35 per month (or 25% of the lowest cost starting in 2026)	Effective plans years starting after 12/31/2022	Pending guidance and clarification to determine impact for employer-sponsored EGWP plans
Medicare Part D Benefits	<ul style="list-style-type: none"> Improved coverage for adult vaccines 2024 - Elimination of 5% Part D catastrophic coinsurance 2025 - Closure of Part D “donut hole” with \$2,000 OOP limit Other changes including share of costs between Part D plans, Medicare, and drug manufacturers 	Phased in 2023-2025	Pending guidance and clarification to determine impact for employer-sponsored EGWP plans <ul style="list-style-type: none"> Will likely increase cost significantly for the GHIP
ACA premium tax credit eligibility	Provisions in the American Rescue Plan Act that expanded eligibility for ACA premium tax credits will be extended through 2025	Extends 2022 sunset	No direct impact, but some pre-65 retirees could be eligible for ACA premium tax credits if electing coverage through public marketplace
Expanded Low-Income Subsidy	Expands eligibility for Part D Low-Income Subsidy full benefits up to 150% Federal Poverty Level	Effective 1/1/24	Should be modest impact as few eligible/receiving today

The impact of these items on the State’s OPEB valuation is unknown and likely requires further guidance prior to its evaluation.